



January 19, 2012

The Honorable Skip Priest
Mayor, City of Federal Way
33325 8th Avenue South
Federal Way, Washington 98003

Dear Mayor Priest:

Thank you for your most recent letter on December 6, 2011. The response to your extensive public disclosure requests will be coming under separate cover.

Many of the questions in your letter were addressed in my previous response dated November 8th. I have summarized those responses again here and included additional information where applicable.

Bus Overcrowding

Allow me to begin by more fully addressing your concerns about overcrowding on Sound Transit buses 577 and 578.

Routes 577 and 578 combined provide all day, 7-day-a-week service between the Federal Way Transit Center and downtown Seattle. This service is supplemented during weekday peak periods by King County Metro Route 179 which shares the same route.

In February 2011, new buses were purchased for Route 577/578. They have the same number of seats as the older buses but have less standing room. As a result, some peak period trips were overloaded. However, Sound Transit responded immediately with an additional northbound trip and coordinated with King County Metro to provide more capacity on Route 179. To handle growth, we implemented an additional peak period Route 577 trip in October 2011 and will add another Route 578 trip in June 2012.

CHAIR

Pat McCarthy
Pierce County Executive

VICE CHAIRS

Julia Patterson
King County Councilmember

Aaron Reardon
Snohomish County Executive

BOARD MEMBERS

Claudia Balducci
Bellevue Councilmember

Fred Butler
Issaquah Deputy Council President

Richard Conlin
Seattle Councilmember

Dow Constantine
King County Executive

Dave Enslow
Sumner Mayor

Jake Fey
Tacoma Councilmember

Paula J. Hammond, P.E.
Washington State Secretary of Transportation

John Marchione
Redmond Mayor

Joe Marine
Mukilteo Mayor

Joe McDermott
King County Councilmember

Mike McGinn
Seattle Mayor

Larry Phillips
King County Councilmember

Paul Roberts
Everett Councilmember

Peter von Reichbauer
King County Councilmember

CHIEF EXECUTIVE OFFICER

Joni Earl

In addition, because the frequency of service on this route is high, some riders who would be required to stand on one bus choose to wait for the next bus so that they can have a seat (it is generally the customer's choice to stand). I witness this personally when I ride the 590 series out of Tacoma.

We know the 577 is a high ridership service and is often filled to capacity or higher during peak periods. Standing-room only and full parking lots are common occurrences during peak hours not only for Sound Transit, but for other public transportation providers. In fact, we have other routes coming in from Snohomish County and East King County that regularly experience even greater pressure than the 577. In a time of falling tax revenues, we are all doing our best to provide convenient, comfortable, and safe transportation. Per your request, Sound Transit staff members are meeting with City staff on January 20th to discuss Route 577 and the high utilization of the Federal Way Transit Center parking garage.

Subarea Revenues

Your letter continues to question the subarea equity policies approved by the voters. It also states your views regarding future funding and subarea reserves. Without repeating all of my previous response, I will attempt to clarify the policies once again and further explain the Board's actions for funding the East Link project.

To reiterate, funds generated in an area of Sound Transit's district go to projects and services that benefit the people in that area. There are 54 cities in the Sound Transit taxing district and we do not track revenues, projects and services at individual city or what some have referred to as "sub-subarea" levels. As was the case with the original *Sound Move* plan approved by the voters in 1996, the benefits were defined by the ST Board during development of the ST2 plan with input from citizens and communities in all subareas. These subarea benefits were included in the ST2 ballot measure and voted on by the people of the region. Under Board policy, funds from one subarea can be used to fund a project in another subarea when the shared funding was in the ST2 financing plan or the project substantially benefits the donor subarea and is necessary for a complete system that serves the donor subarea, and all other projects committed to in the donor subarea can still be completed. This is the policy framework the Board used to develop an affordable East Link project.

Within the framework of building a regional transit system, with the subarea policies, Sound Transit has and will continue to make significant investments serving the residents, businesses and commuters in the Federal Way area. Our current investments include:

- \$39.46 million for the Federal Way Transit Center (FWTC)
- \$26.78 for the HOV Direct Access Ramp
- Over \$11 million annually in operating dollars for the 577, 578, 574 bus routes
- \$1.3 million in FWTC security and maintenance

In addition, South King County has the mobility benefits of Link light rail, Sounder Commuter Rail, and ST Express Bus service – one of the only parts of our district that does.

While it is clear that you would like us to eliminate or reduce projects in other subareas to complete the light rail extension to S. 272nd Street, the Sound Transit Board is legally obligated to allocate funding for projects in accordance with the ST2 project plan, and the financial policies approved by the voters in 2008. The voter-approved plan identifies the projects and services to be built or provided in each subarea. If the subarea generates sufficient tax revenue, the ST Board is legally obligated to build the projects and provide the services identified in the ST2 plan. The ST Board does not have the legal authority to cancel adequately funded projects in one subarea so that the subarea's tax dollars can be used to fund projects in another subarea. The Board's ability to allocate up to \$110 million of North King subarea dollars to the East Link project was based on three primary principles: 1) all projects within the ST2 Plan for North King are currently affordable, though risks exist this early in the program; 2) East Link substantially benefits residences and businesses in both the North and East King subareas; and 3) part of East Link is physically located in the North King subarea. Your letter states you believe "new revenue" is being committed to East Link. That is not the case. These are revenues from project savings in available financial capacity in the North King subarea. In addition, North King tax revenues were not hit as hard by the recession as South King County. The Board also adopted conditions for allocation of the dollars to ensure the principles of subarea equity remain intact.

Consistent with the financial policies of the voter-approved ST2 plan, Sound Transit looks forward to continuing to work with you, the City Council and staff and other stakeholders to identify solutions to the funding problems in the South King subarea. It is also important to note that the City of Bellevue is committing up to \$160 million of city funds. We have developed a very collaborative process to achieve cost savings and work together to deliver an effective project for the city and the region. It is through this positive collaboration, though not always easy process, that we are able to find solutions. To demonstrate the level of collaboration, just last week the City Manager and I kicked off the joint design process with our combined staff.

Your letter states that you have been told "we must vote for yet another Sound Transit ballot measure if we want light rail" to Federal Way. As you know, the ST2 plan included construction of light rail to S. 272nd. We continue to work on ways to deliver transit service to S. 272nd within the ST2 timeframe of 2023 or as soon thereafter as feasible. The ST2 program realignment is an ongoing process and Board members have many tools available to them in working towards the delivery of this project. As we have stated, the study we are beginning in 2012 is the first step in that process. Furthermore, the Sound Transit Board has made no decisions on the timing of an ST3 ballot measure, nor has it determined the projects and services that would be included.

Staffing & Audits

Our 2012 budget is just over \$1 billion to support highly technical and complex projects underway in three light rail corridors. We, on behalf of the public, have a total asset base of \$5 billion; and we must meet federal expectations for technical capacity and capability. In fact, we are subjected to federally-required periodic technical capacity and capability reviews to demonstrate that we have adequate staffing and systems. Our salary structure is based on market surveys of comparable positions and is set

to allow us to hire the specialized skills necessary to effectively manage our complex projects and operations. It is also critical to our ability to deliver simultaneous multi-million dollar projects and services across the three-county region that we have competitive and appropriate employment practices and packages to attract and retain our skilled employees. Effective January 1st, I reduced employee medical benefits (for the second year in a row) and increased employee out-of-pocket costs, which resulted in budget savings of more than \$395,000. So, contrary to your views, we are continually assessing and making decisions to save dollars while maintaining a skilled staff. As is undoubtedly the case in your role as Mayor, it is always a balancing act.

As you know, the State Auditor's Office will be conducting another Performance Audit of Sound Transit. As always, we will cooperate fully and remain committed to 100% transparency. By your letter, it is clear you are not aware of our Sound Transit audit program and environment. The Sound Transit Audit and Reporting Committee meets quarterly and includes the Chair of the Citizens Oversight Panel. KPMG annually performs our financial audit, federal Single Audit, and Agreed Upon Procedures Review of subarea equity in coordination with the Citizens Oversight Panel. The State Auditor performs an annual compliance audit. In discussions with the State Auditor's Office following our 2007 audit, and based on their plans and schedules for the state performance audit program, the Sound Transit Board directed staff to create an internal audit program. At the end of this letter is a list of all the performance and internal audits that have been completed in the last two years. Additionally, we meet quarterly with the Federal Transit Administration (FTA) to review our performance on the federal grant projects, and they are just completing a Financial Management Oversight Audit of our Initial Segment and Airport Link projects. Our audits are available on our web-site.

Security at the Federal Way Transit Center

Safety at the Federal Way Transit Center is a top priority and according to our records there have been no assaults, robberies, or other serious crimes against persons reported at the Federal Way Transit Center in 2011. Sound Transit's security efforts at the Federal Way Transit Center represent the single largest security expense of any facility within our regional system and our 2012 budget continues this level of commitment. To ensure a safe environment, Sound Transit has worked diligently with the City of Federal Way on security issues and has increased both staff and technical resources, including:

- Increased lighting and camera coverage
- Installed music to discourage loitering
- Improved customer emergency call stations
- Improved signage
- Upgraded camera systems technology to directly assist in capturing criminals
- Provided 24/7 on-site security personnel that is augmented by frequent additional patrols
- Dedicated more than \$600,000 in Sound Transit police staff time over the past two-and-a-half years

In your letter you specifically request that we engage in a discussion about the level of adequacy of that commitment. We have been working closely with your police department over the years and are happy to further discuss any concerns. As noted, our information tells us the collaborative efforts of our two jurisdictions are working very well. If that is not the case as your letter suggests, we may not have current information. I would recommend that our two Police Chiefs go over the crime and security data first, so we have the same understanding of the data.

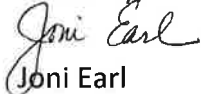
Moving Forward

As the program realignment continues, Sound Transit is aggressively working to optimize available funding in the South Corridor and provide a path forward for the light rail extension to Federal Way. The following actions are included in the 2012 budget adopted by the ST Board:

- Extending light rail from Sea-Tac International Airport to S. 200th Street:
 - ST Board voted to move up the start of service from 2020 to 2016
 - A Design-Build delivery method will be used to reduce both cost and development time
- Extending Light Rail from S. 200th Street to Kent/Des Moines area:
 - Route analysis, environmental review and preliminary engineering to begin in early 2012
 - Project to be opened for service in 2023
- Expanding transit from Kent/Des Moines to S. 272nd and Tacoma:
 - Light rail alternatives analysis between Kent/Des Moines and Tacoma
- Study on South King County transit to potentially augment and/or enhance performance of all modes including Sounder, ST Express buses, Link light rail, King County Metro, and Pierce Transit

In conclusion, we remain committed to finding solutions to the transit challenges facing South King County. I was recently pleased to join Sound Transit Board Members Dow Constantine, Pete von Reichbauer, Julia Patterson, and Joe McDermott at Highline Community College for a summit of elected officials and staff from cities and civic and business organizations throughout South King County. While we were disappointed that you and your City Councilmembers couldn't join us that day, we were pleased the City's Communications and Grants Coordinator, Chris Carrel, was able to attend. The purpose of the summit was to set the stage for the important work to come. Those who attended heard our promise to continue to diligently address the urgent needs of South King County residents, businesses and commuters. I reiterate that assurance to you, the City Council and the citizens of Federal Way. Experience tells us the only way to move forward is to work together.

Sincerely,



Joni Earl
Chief Executive Officer

cc: Sound Transit Board of Directors
Federal Way City Council

Performance Audits:

- 2010 Procurement of Information Technology Goods and Services
- 2011 Value Engineering Program (in draft report phase)

Contract Audits:

- 2010 Hatch Mott MacDonald
- 2011 LTK Engineering

Internal Audits:

- 2010-1 NA
- 2010-2 Electrical Account Administration
- 2010-3 Fuel Card Program
- 2010-4 Employee Expense Reimbursement
- 2010-5 Blanket Purchase Orders
- 2010-6 Advertising Revenue
- 2011-1 Farebox Cash
- 2011-2 Free Ride Tickets
- 2011-3 Procurement Card
- 2011-4 Processing Customer Fare Refunds
- 2011-5 Internal Control Over Investment Transaction Processing
- 2011-6 NA
- 2011-7 MVET contract monitoring
- 2011-8 Fuel Purchase Monitoring (in draft report phase)
- 2011-9 Lease Monitoring
- 2011-10 Paratransit Contract Monitoring (in draft report phase)
- 2011-11 Medical Premium Payment (in draft report phase)
- 2011-12 TVM Sales Reconciliation (in fieldwork phase)